

**Proposition 60****Resolution Chapter 103, Statutes of 2004. Primary Elections. Surplus State Property.**

This measure amends the State Constitution regarding primary elections and the use of state surplus property proceeds.

**PRIMARY ELECTIONS****Background**

California generally holds two statewide elections to elect a candidate to public office—a primary election (in March) and a general election (in November). Some public offices (such as the Governor and members of the Legislature) are partisan, which means that a candidate represents a political party in an election. For partisan offices, the primary election determines each political party's nominee for the office. The candidate receiving the most votes among a party's candidates is that party's nominee for the general election. In the general election, voters then choose among all of the parties' nominees, as well as any independent candidates, to elect a candidate to office.

**Proposal**

*Participation in the General Election.* This measure places into the State Constitution a requirement that all parties that participate in a primary election be able to advance their top vote-getting candidate to the general election. This requirement is met by the current process for elections as described above.

*Related Provisions in Proposition 62.* Proposition 62 on this ballot also contains provisions affecting which primary candidates advance to the general election ballot. That measure would require that only the top two vote-getters in the primary—regardless of party identification—advance to the general election. As a result, under Proposition 62, each party would not be guaranteed to have a candidate on the general election ballot. The State Constitution provides that if the provisions of two approved propositions are in conflict, only the provisions of the measure with the higher number of yes votes at the statewide election take effect.

**Fiscal Effects**

Under current law, all parties that participate in a primary can have their top vote-getting candidate advance to the general election. This measure, therefore, would not require any changes to election procedures. As a result, the measure's election provisions would have no fiscal effect on state and local governments.

SUBJECT TO COURT  
ORDERED CHANGES

## USE OF SURPLUS STATE PROPERTY PROCEEDS

### Background

*Surplus State Property.* Current state statutes generally require a state agency to review annually its real property holdings (land and facilities) and determine what, if any, is in excess of its foreseeable needs. These properties are commonly referred to as "surplus state properties." They include both unused properties and those which are underutilized by an agency. Certain state-owned properties are excluded from being designated as surplus property, including any land designated for use for highway purposes.

Once real property has been identified as surplus, the state attempts to sell the property, or dispose of it in some other manner, such as by giving it to a local government. When surplus property is sold, the sales revenues are deposited into the account that originally paid for the acquisition of the property. In most instances, sales revenues are deposited in the state's General Fund and are available for expenditure on any state program.

*Proposition 57 Bonds.* In March of this year, voters approved Proposition 57, which authorizes the issuance of up to \$15 billion in bonds to finance past budget deficits. The debt service (principal and interest payments) on these bonds is to be repaid over a 9- to 14-year period from designated General Fund revenues. (For more information on state bonds, please refer to the section of the ballot pamphlet entitled "An Overview of State Bond Debt.")

### Proposal

This measure requires that proceeds from the sale of surplus state property that occur on or after the passage of this measure be used to pay the principal and interest on Proposition 57 bonds. Once these bonds are fully repaid, proceeds from surplus property sales would be deposited in the General Fund.

The measure does not apply to properties acquired with specified transportation funds or other special fund monies. In other words, the measure only applies to those properties that were purchased with General Fund revenue or bonds secured by the General Fund.

### Fiscal Effects

Proceeds from the sale of surplus state property, which fluctuate significantly from year to year, are not a major source of General Fund revenue. For example, surplus property sales have averaged roughly \$30 million a year over the past decade. (By comparison, total General Fund revenues in 2003-04 were roughly \$75 billion.) By dedicating these surplus property proceeds to the debt service on Proposition 57 bonds, this measure would accelerate the bonds' repayment probably by a few months. In effect, the state would pay out more for debt service on these bonds in the short term

and less in the longer term. (This is similar to what happens when individuals make additional payments on top of their regular car or home loan payments.) While this measure would not change the amount of bond principal, it would reduce the amount of interest payments over the life of the repayment period. We estimate that these interest savings—expressed in today's dollars—could be in the low tens of millions of dollars.

**SUBJECT TO COURT  
ORDERED CHANGES**

SUBJECT TO COURT  
ORDERED CHANGES